

25X1

MEMORANDUM FOR:

25X1

25X1 The memorandum from is helpful.

I would like to be briefed on this and where we
should we be headed in the future sometime soon.

William J. Casey

Date 23 July 1985

FORM 101 USE PREVIOUS
5-75 EDITIONS

~~SECRET/~~

25X1

15 July 1985

MEMORANDUM FOR: Executive Secretary

FROM :
Advanced Concepts Staff
Office of Research and Development

25X1

SUBJECT : Financial Intelligence Analysis

1. Per our conversation regarding the DCI's interest in financial intelligence, this memorandum outlines what the Intelligence Community is doing in the area of financial analysis, and what the next steps might be.

25X1

~~SECRET/~~

25X1

THE VALUE OF FINANCIAL INTELLIGENCE

By LIEUT.-COLONEL T. H. SWEENEY, O.B.E., R.A.P.C.

WE have always prided ourselves, and not without reason, on the efficiency of our Intelligence branches but, in the South-East Asia Command at all events, there was one fertile source of knowledge whose value did not seem to have been realized by them or by the other members of the Staff with whom the writer worked daily during the first year after V.J. Day, and that was Finance.

To the average officer, who does not enjoy reading or studying papers that contain columns of figures, the very word Finance conjures up a picture of earnings but misguided pen-pushers who may possibly lower fighting efficiency by "observations" or even by "disallowances," and who should therefore be given no more information than is necessary. One commander in the Peninsula went further and wrote: "Hanged my Paymaster this morning, with the full concurrence of Wellesley. He was the greatest hindrance to this campaign!" There is a very close connection however between Intelligence and Finance when dealing with enemy countries, and this essay is written in order to show how this occurs, and to bring it to the attention of that very wide circle of officers in the Services who have not previously realized it. If it also suggests a fresh idea here and there to those few who have had some experience of this connection, then the time spent in reading it will not have been wasted.

The writer's knowledge of our financial investigations only covers what was done—or left undone—in S.E.A.C. and does not extend to those in areas owned or occupied by the Germans or Italians, but there were lessons he learned in S.E.A.C. that may interest many who were outside that Command as well as in it.

A previous article in this JOURNAL¹ touched on the fringe of this subject and gave a few instances where information acquired in the course of analysing Japanese accounts in French Indo-China and in the Netherlands East Indies proved of distinct value; but it was written merely to arouse interest in the subject and therefore did not attempt to explore its potentialities at all fully. A few readers may remember how it was discovered that the Japanese had realized, many months before the first atom bomb, that they had lost their war, and how they "put to ground" 615 million piastres in French Indo-China and 2,700 million guilder in the Netherlands East Indies in order to win the peace. The writer explained briefly how he was able to bring to daylight again the whereabouts of some 480 million of these piastres and 1,200 million of the guilders, but that shortage of staff and time prevented him finding the remainder. We might have been even more successful, however, if the importance of breaking the financial power of the enemy in countries occupied by him after he had surrendered had been explained during the training of our Staff.

A new technique has developed in warfare lately, and we must adapt our ideas to it or perish. Modern war consists of three phases and no longer of two. There is first the "war before the fighting war" which consists of the political war (or the jockeying for positions on the starting line) and of underground preparation. This phase is an old friend. Then comes "the fighting war," or the period during which weapons are in the Nations' hands. We have known this one from the days of Hengist and Horsa. Finally, there now comes the third and new phase which I call "the war after the war" or "the war to win the peace"; and this is an economic underground war that may last a generation unless it is won early. Moreover, we must realize that this third phase will start before the second ends; and that it can

¹ "Disarming the Japanese financially in S.E. Asia." in the JOURNAL for February, 1947.

*Some lessons
learned in S.E.A.
from WWII*